

OLIFF & BERRIDGE, PLC

ATTORNEYS AT LAW

June 14, 2004

Mr. Harry I. Moatz
Mail Stop OED-Ethics Rules
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

Re: Comments on Notice of Proposed Rulemaking: Changes to Representation of Others
Before the United States Patent and Trademark Office

Dear Sir:

As provided by the comment period set forth in the March 3, 2004, *Federal Register* (69 FR 9986), please consider the following comments relating to the notice of proposed rulemaking referenced above.

In overview, in a number of cases, attempts to impose generic rules in the specific already highly-regulated field of Patent and Trademark Office practice merely imposes new regulatory burdens and increased paperwork and costs, with disruption of established international norms, with no apparent countervailing benefit.

1. Proposed Rule 11.101(c)(3) states that a practitioner who employs one or more procedures no longer authorized by the U.S. Patent and Trademark Office ("the Office") to present or prosecute a patent application is in violation of proposed Rules 11.101(a) and (b). It is respectfully submitted that proposed Rule 11.101(c)(3) is unreasonable and extremely harsh particularly in view of the large number of changes to prosecution practice generated by the Office. The implication of proposed Rule 11.101(c)(3) is that a practitioner who inadvertently files a document in the Office based on a newly extinct rule would be subjected to disciplinary action. Clearly, such a "punishment" does not match the "crime" and, in fact, far outweighs the "crime." To the extent that there would not be disciplinary action for such offenses, the proposal trivializes the ethics rules.

As an example, a practitioner may draft an amendment well before the actual due date, but not file the amendment until the client provides authorization to do so, which occurs routinely. In the meantime, perhaps the rules pertaining to the amendment change. Subsequently, the client authorizes the practitioner to file the amendment and the practitioner does so without realizing that the amendment had been drafted prior to the relevant rule change. Clearly, such an inadvertent error should not result in disciplinary action. The Notice of Non-Compliance, or related notice, provided by the Office is sufficient to bring the error to the practitioner's attention.

2. Proposed Rule 11.104(a) states that a practitioner shall keep a client reasonably informed regarding the status of a matter before the Office and promptly comply with reasonable requests for information. Proposed Rule 11.104(a)(2) adds that a practitioner engaged to represent or counsel an inventor or other client having business before the Office as a result of a referral by a foreign attorney or agent located in a foreign country *may*, with the written and informed consent of the inventor or other client, communicate with the inventor or other client through the foreign attorney or agent.

In view of the term "may," it appears that proposed Rule 11.104(a)(2) is *not* mandatory. However, in the commentary, the Office adds that the practitioner "*would be permitted* to communicate through, rely on instructions of, and accept payment from the foreign attorney or agent *only if* the practitioner has obtained the consent of the client after full disclosure in accordance with the provisions of" proposed selected conflict of interest and confidentiality rules (emphasis added) (68 FR 69468 (2003)). In addition, proposed Rule 11.108(f)(1) *requires* written consent by the client in a similar situation. In view of the terminology in the commentary and in proposed Rule 11.108(f)(1), it appears that proposed Rule 11.104(a)(2) *is* mandatory for acting through a foreign attorney or agent.

It is respectfully submitted that proposed Rule 11.104(a)(2) is utterly unreasonable, particularly if the rule is mandatory. As the Office is well-aware, numerous patent applicants are foreign and base their patent applications filed in the United States on foreign-filed applications, which they and/or their own (foreign) patent attorney or agent prepared. When filing the application and thereafter, a registered U.S. attorney or agent must, of course, be involved in the prosecution of the application before the Office by providing input to and following instructions from the foreign patent attorney or agent, who is responsible for communicating directly with the applicant. The applicant routinely gives his domestic, i.e., the foreign, patent attorney or agent authority to select and/or change U.S. attorneys at his professional discretion. Obviously, U.S. inventors and practitioners are often in the same position when filing abroad. Such a method of prosecution is routinely practiced. Thus, adoption of the proposed rule in the United States, or counterpart rules in other countries, would disrupt a worldwide standard and accepted practice and inject the U.S. Patent and Trademark Office into foreign attorney-client relationships governed by foreign laws and practice.

Requiring the written consent of the applicant is an unreasonable intrusion into the practice of practitioners and their relationships with their clients, and with foreign attorneys and agents. Such intrusion could blur the lines of the attorney-client relationship for the applicant and interfere with the ethical obligations of foreign attorneys and agents under their respective national laws.

The Office's goal of controlling the often unscrupulous invention promoter organizations is commendable. However, in view of the serious consequences discussed above, and the overwhelming proportion of U.S. and foreign patent attorneys and agents who practice ethically in the absence of such intrusive rules, this goal should not be attained by proposed Rule 11.104(a)(2) as currently drafted.

3. Proposed Rule 11.105(b) states that when a practitioner does not regularly represent a client having business with the Office, the practitioner *shall, i.e., must*, communicate, in writing, with the client before or within a reasonable time after commencing the work required, and set forth the fee information. The communication must distinguish between and specify the basis or rate for preparing and filing an application in the Office, and for prosecuting the application, including, for example, replies to Office actions, petitions, affidavits, and appeal briefs.

Although the commentary indicates that a standard letter and/or fixed fee schedule may satisfy the written communication requirement, the proposed rule contains no such indication. Regardless, it is unclear why the Office is not only taking a position on specific fee arrangements, but, in view of the term "shall," is proposing to discipline practitioners that do not follow the position taken.

It is important to recognize that when working with a foreign attorney or agent, a practitioner often represents a variety of clients through the foreign attorney or agent, but may not regularly represent individual ones of these clients. Moreover, cost estimates are provided by the foreign attorney or agent as needed by any given client. Requiring the practitioner to insert himself into the foreign attorney's or agent's relationship with his foreign client to provide such cost estimates is unworkable and would impose additional costs that would have to be passed onto the client. It also invites retaliation by the regulatory authorities in foreign countries, which may even prohibit direct contacts with foreign attorneys, leading to a breakdown of an international system that had no identified significant problems in the absence of the proposed rules.

It is recognized that current Rule 10.36 requires reasonable fees as does proposed rule 11.105(a). Such a requirement is reasonable. However, the requirements of proposed Rule 11.105(b) are not reasonable and reflect an attempt at overregulation by the Office that is both inappropriate and unnecessary.

4. Proposed Rule 11.108(f)(1) is another example of the Office attempting to exert extreme control over the details of a practitioner's business relationships. In the proposed rule, practitioners are prohibited from accepting compensation from a third party for representing a client having business before the Office without the written and informed consent of the client.

According to the commentary, the proposed rule is directed to third party representation of applicants, such as by invention promoters. However, rules are already in place pertaining to invention promoters. Although foreign attorneys and agents are not specifically addressed in this section or in the commentary, the language of the proposed rule (stating that practitioners cannot accept compensation from a third party for representation of a client having business before the Office without written informed consent of the client) is very broad and on its face encompasses foreign attorneys and agents. The serious problems associated with the requirement of informed consent in writing by the client are addressed above in response to proposed Rule 11.104(a).

5. In proposed Rule 11.303(d), practitioners must provide all known material facts (first sentence of the proposed rule) or all known information material to patentability (second sentence of the proposed rule) to the Office in certain proceedings. The proceedings are defined in the first sentence as "other than those involving the granting of a patent or registration of a mark," which encompasses protests and *ex parte* and *inter partes* reexaminations, for example. In the second sentence, the proceedings are defined as "patent proceeding[s]," which encompasses patent/reissue prosecution in addition to interferences, protests, and reexaminations.

A clear problem with the overreaching proposed rule is that it fails to specify (1) which party has the duty of disclosure, and (2) to what subject matter that duty applies. Instead, the proposed rule suggests that, in an adversarial situation, the patentee/applicant and opponent *each* have a duty to present material information relative to *both* sides in the particular proceeding. For example, does a practitioner representing a senior party applicant in an interference, who plans to rely only on his priority case, have to disclose his client's information that is material only to the junior party patentee's claims? As another example, does counsel filing an *ex parte* (or *inter partes*) reexamination have to disclose all information material to the patentee's claims, even though his client may prefer to reserve some references not relied on in the reexamination for potential future litigation? Similarly, does a practitioner filing a Rule 1.99 Submission have to disclose all material information of which he is aware, even though only patents and publication may be submitted under Rule 1.99?

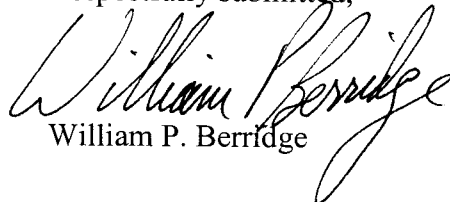
As acknowledged in the commentary, "[o]rdinarily, an advocate has the limited responsibility of presenting one side of the matters that a tribunal should consider in reaching a decision; the conflicting position is expected to be represented by the opposing party." 68 FR 69492-93 (2003). However, advocates generally have no duty to present all material information that might be useable against their opponents, regardless of whether the advocate intends to rely on such information. Thus it is not understood why the Office is requiring a duty of disclosure completely at odds with known practice. Again, the level of control that the Office is attempting to exert over the practitioner is inappropriate, unnecessary, and unacceptable, and in fact interferes with the practitioner's ethical obligations to his own client.

6. Proposed Rule 11.504 is also overreaching, particularly proposed Rule 11.504(d), which requires that a practitioner shall not allow a person "who recommends, employs, or pays the practitioner to render legal services for another before the Office to direct or regulate the practitioner's professional judgment in rendering such legal services." The proposed rule appears to be an attempt to control invention promotion schemes, which, as noted above, is commendable, but not feasible by tampering with the business relationships of practitioners and foreign attorneys and agents or in-house attorneys and agents, which are covered by the rule as currently drafted. For example, in current practice, foreign attorneys and agents often work directly with the client, or independently as authorized by the client, to generate instructions for U.S. practitioners, and vice versa in foreign patent application prosecution. Proposed Rule 11.504 suggests that this well-known and accepted practice would be a violation of the rules.

Similarly, many license agreements permit, e.g., a licensee to control prosecution of a patent owned by the licensor. The rule would appear to prohibit such an arrangement since the power of attorney can only be given by the patent owner. The commentary provides no reason for such intrusion into routine private contractual matters.

7. Proposed Rule 11.804(h)(9) makes the failure to report a change of address within thirty days of that change a violation of the rules subjecting the practitioner to disciplinary action. It is respectfully submitted that, as noted above, such a "punishment" does not match the "crime" and, in fact, far outweighs the "crime" or, if there is no "punishment," trivializes the ethics rules. Moreover, the Office has chosen to lump the clerical oversight of failing to report an address change with very serious violations, such as knowingly providing false or misleading information to the Office. Such a combination of "crimes" is nonsensical. The Office's attempt to encourage reporting an address change promptly is understandable, but clearly, disciplinary action for failing to do so is unnecessarily and unreasonably harsh.

Respectfully submitted,


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